

Amy Lientz

Supply Chain - Energy Industry

Will Jenson

Economist

Supply Chain Risk Survey

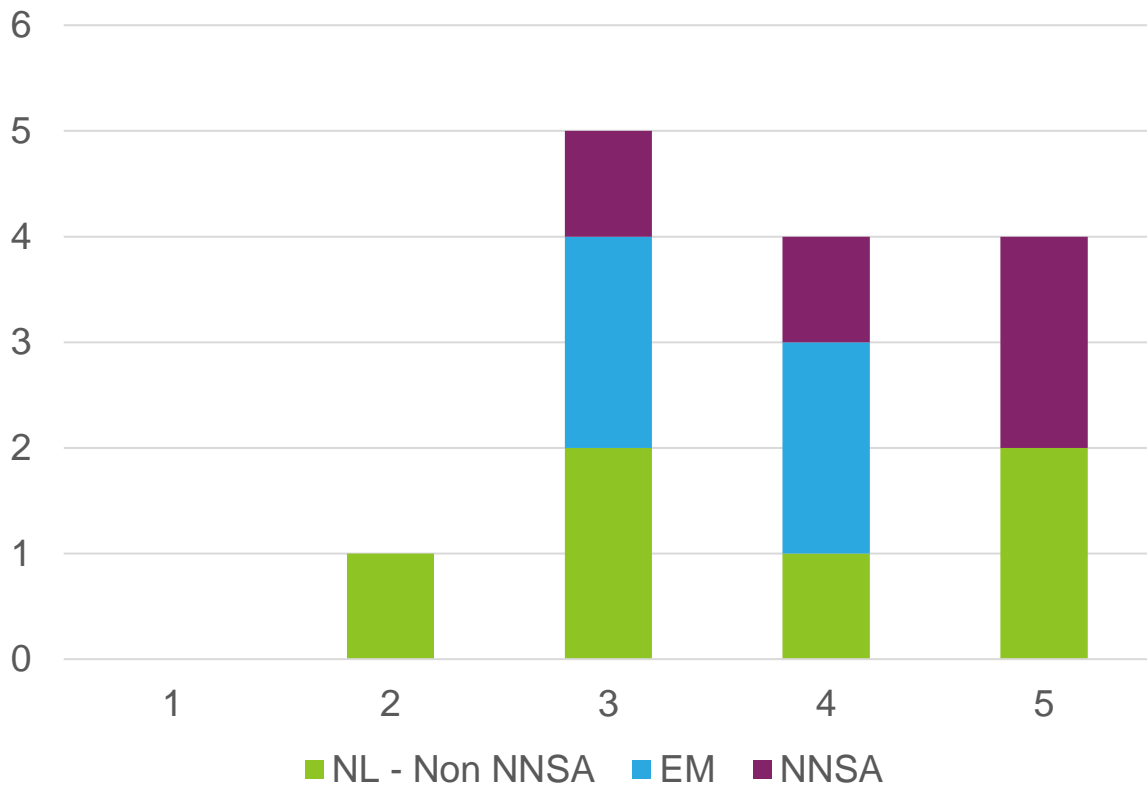
Survey Notes and Legend

- **Sent 25 surveys out on 5/1/2021 to DOE contractor organizations.**
56% response rate (14 surveys returned)
 - 46% non-NNSA labs
 - 50% EM sites
 - 66% NNSA sites
- Survey had 13 questions, several with multiple parts

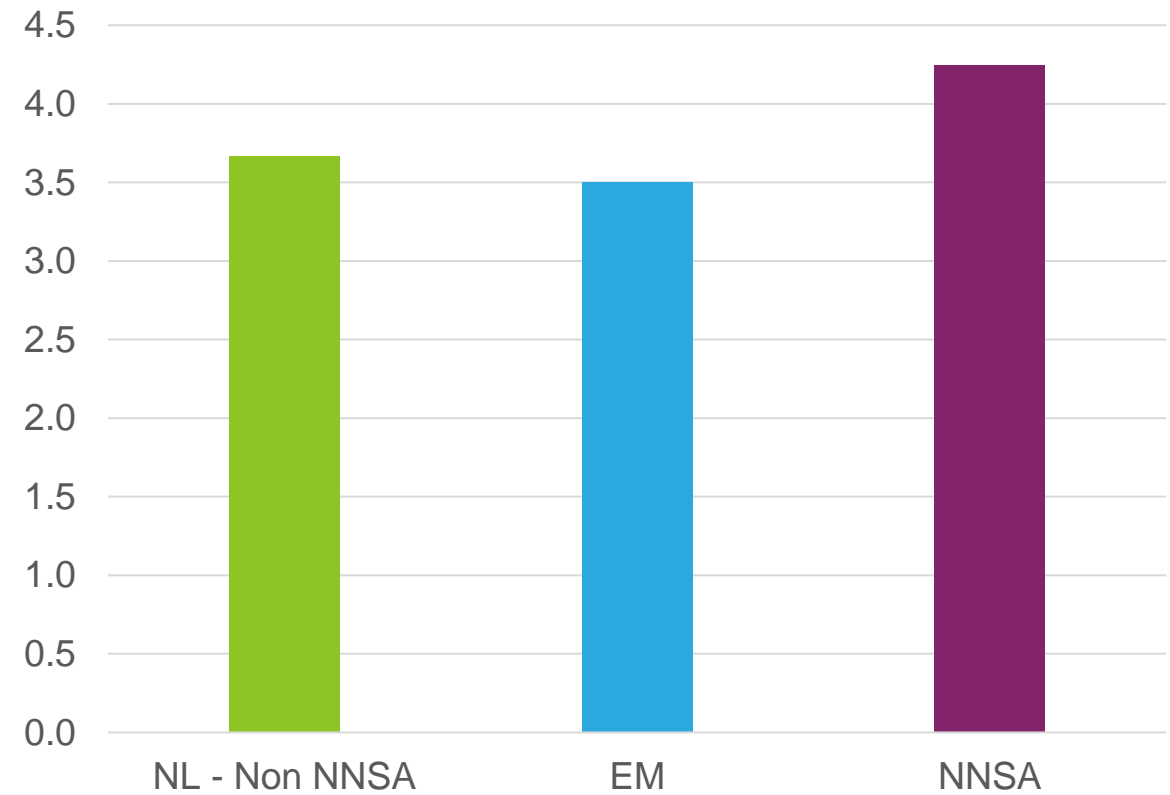
- All graphs use a consistent color codes to identify facility types
 - National Labs – Non NNSA
 - EM
 - NNSA
- For text responses, similar topics that are addressed by multiple respondents appear in **bold and are underlined**.

1) On a scale of 1 to 5 (with one being least concerned, 5 being most concerned) how concerned is your organization/business unit about supply chain risks?

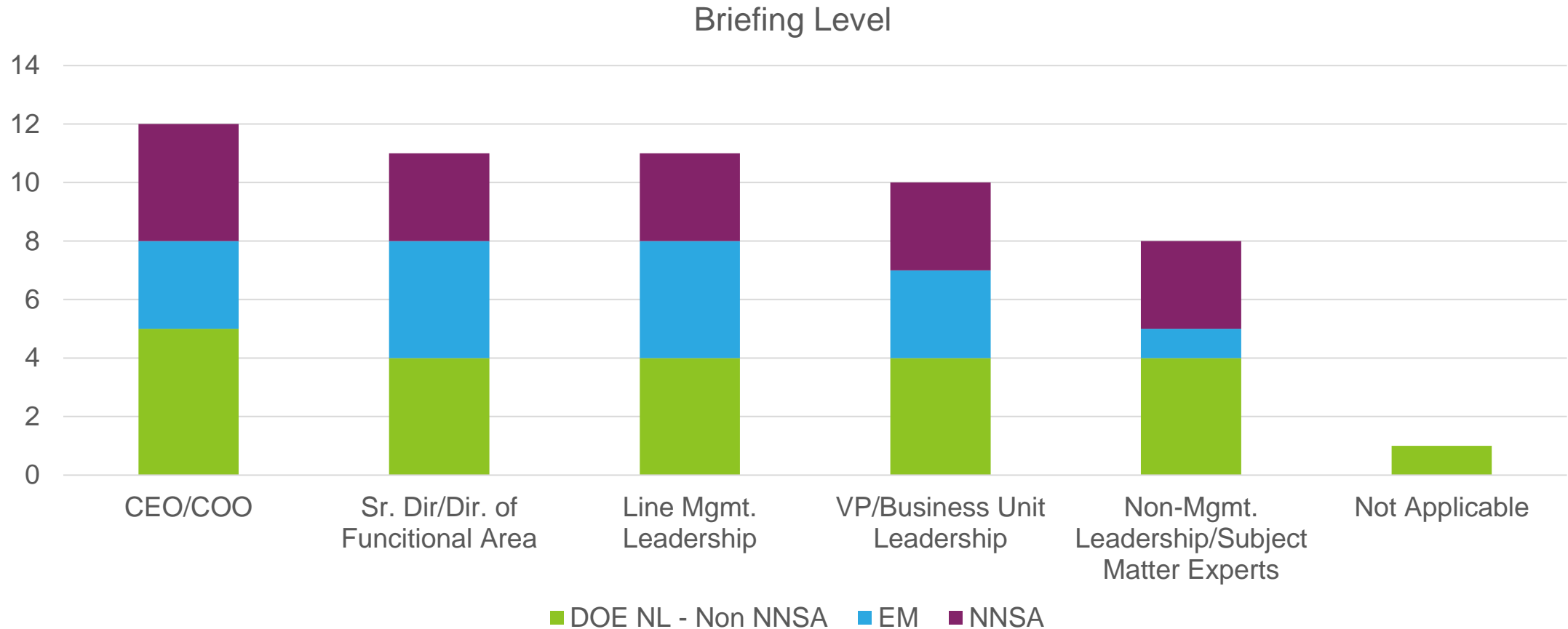
Supply Chain Risk - Level of Concern
(1=Least Concern, 5=Most Concern)



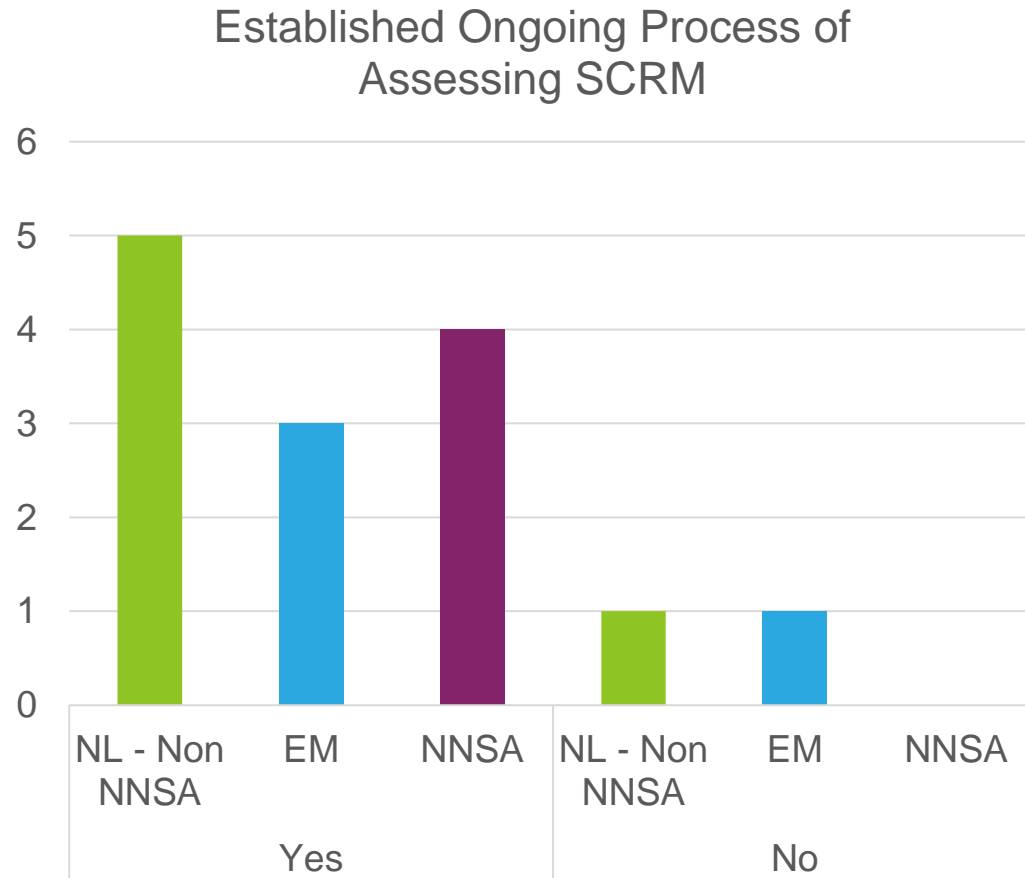
Average Level of Concern
Scale: 1=Least Concern, 5=Most Concern



2) What level of organizational leadership has been briefed and is aware of SCRM?

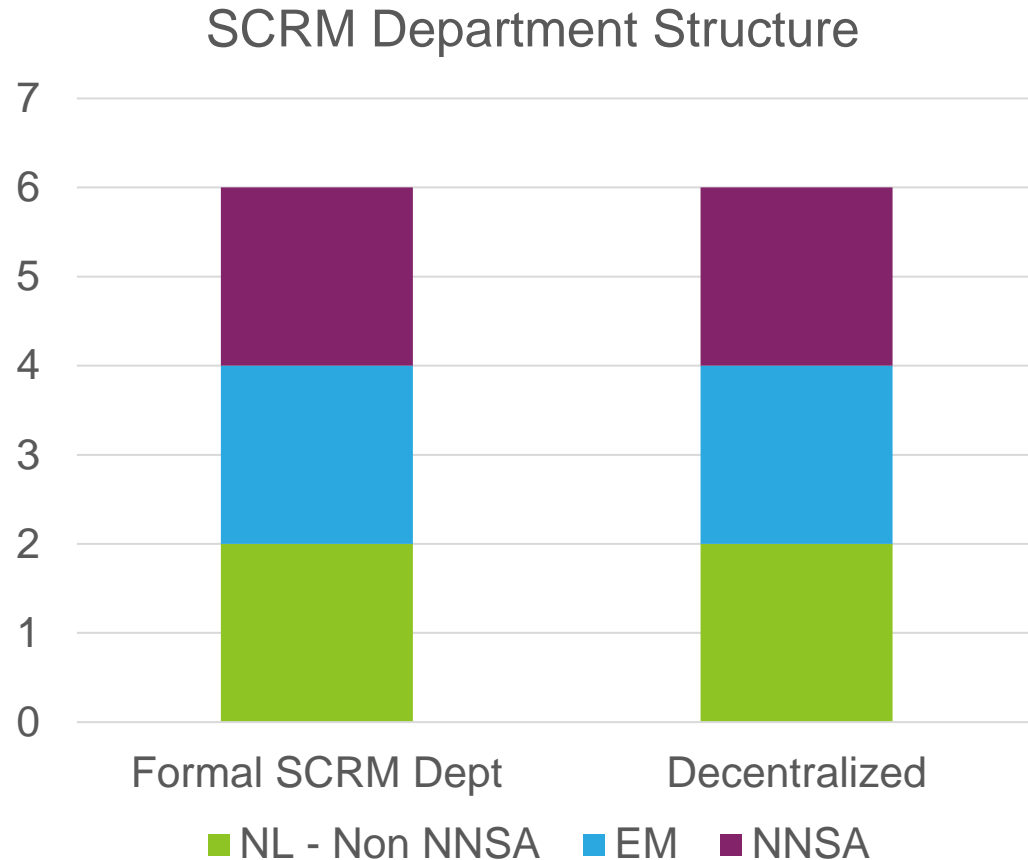


3) Has your organization established an ongoing process of assessing supply chain risk?



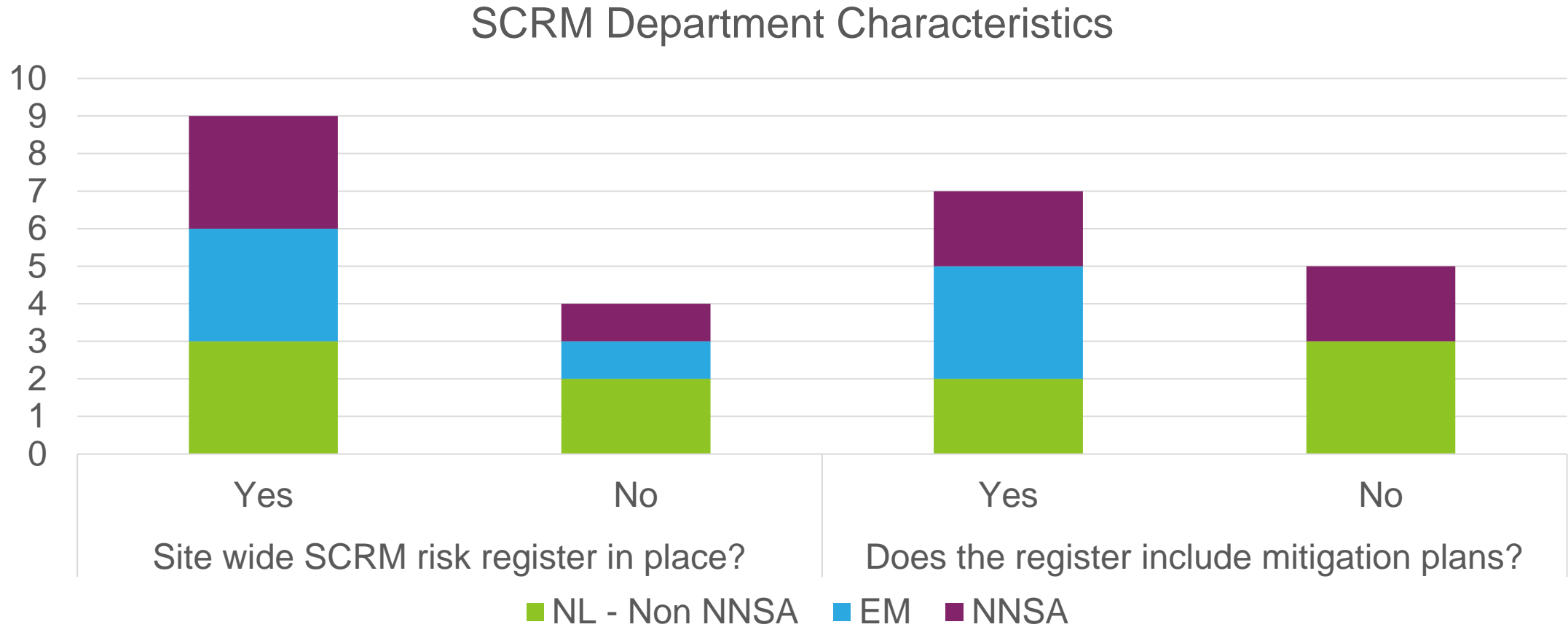
- Detail regarding process
 - Collaborating with Exiger
 - Using DNBi
 - Looking for Standardization, Centralization
 - Processes are evolving
 - Pre/Post Award Audits
 - Tracking through program reliability process

4) Does your org have a formal SCRM department or does each business directorate have separate SCRM responsibilities?



- Formal SCRM Dept
 - Managed in SCM department
 - Conducts Supplier Risk Assessments (SRAs) on mentor/protégé suppliers, strategic agreement suppliers and as directed
- Decentralized
 - Procurement, Shipping & Receiving, and Quality are all under separate directorates
 - Transparency is difficult and standards are inconsistent
 - SCRM employees double as contract analysts
 - Risk concerns: NEA concerns, export-controlled work, financial risk
 - Counterintelligence and Supplier Management office provide support for SRAs
 - Risks identified by technical managers and/or subject matter experts
 - Monthly risk meetings

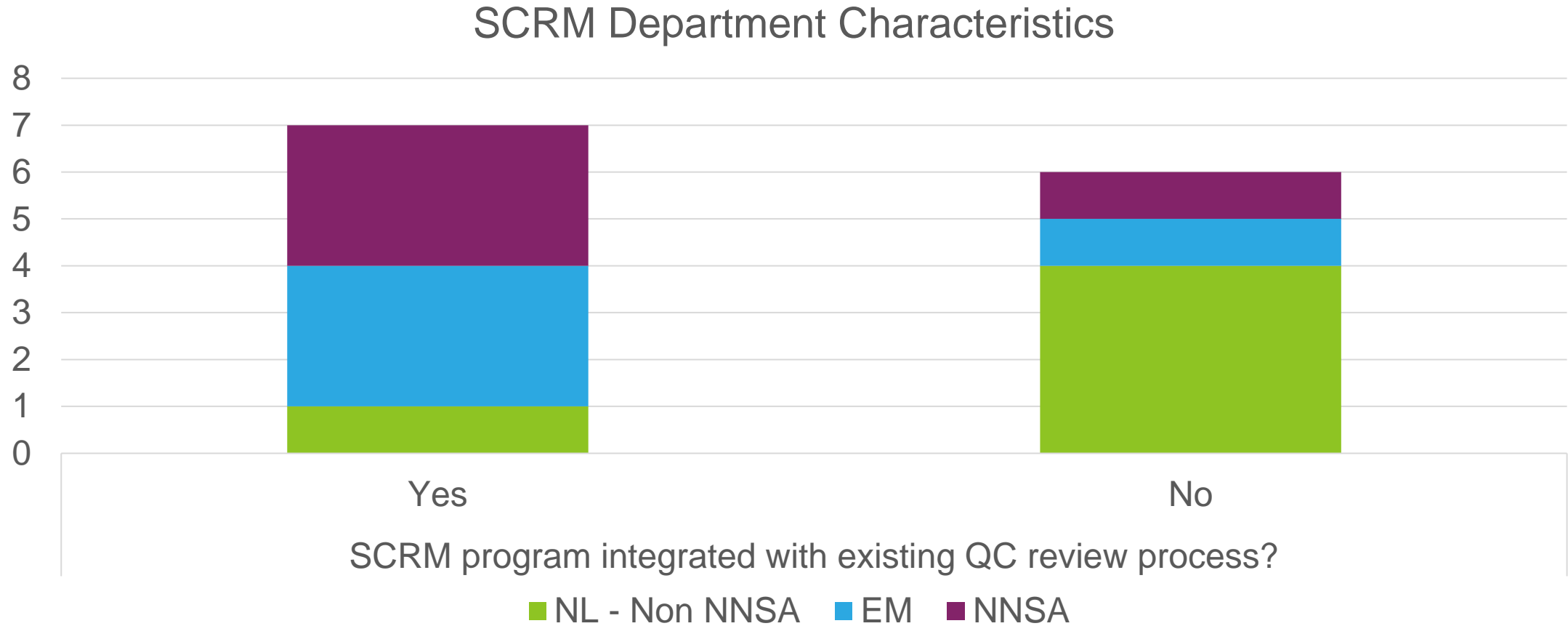
4.a.b) SCRM Department Characteristics



4.c) How do you prioritize risk in the supply chain?

- Followed a High, Moderate, or Low categorization based on likelihood of occurrence, consequence, and mitigation strategies
- No formal decision tree yet but is in development
- Evaluated based on mission critical areas
- Risk evaluated in two categories using a tradeoff matrix: Likelihood and Consequence
- Examples
 - **Single Source** procurements are categorized as *moderate*
 - Substantive vender engagements are classified as *risky*
 - Low level logistical vendor engagements are *not risky*
 - No-Go: debarment, inadequate Dun & Bradstreet Scores, Restricted Party Screening findings
- All types of risk are housed and maintained by Sitewide Risk Register.
 - Supplier risks and mitigation plans are included in register

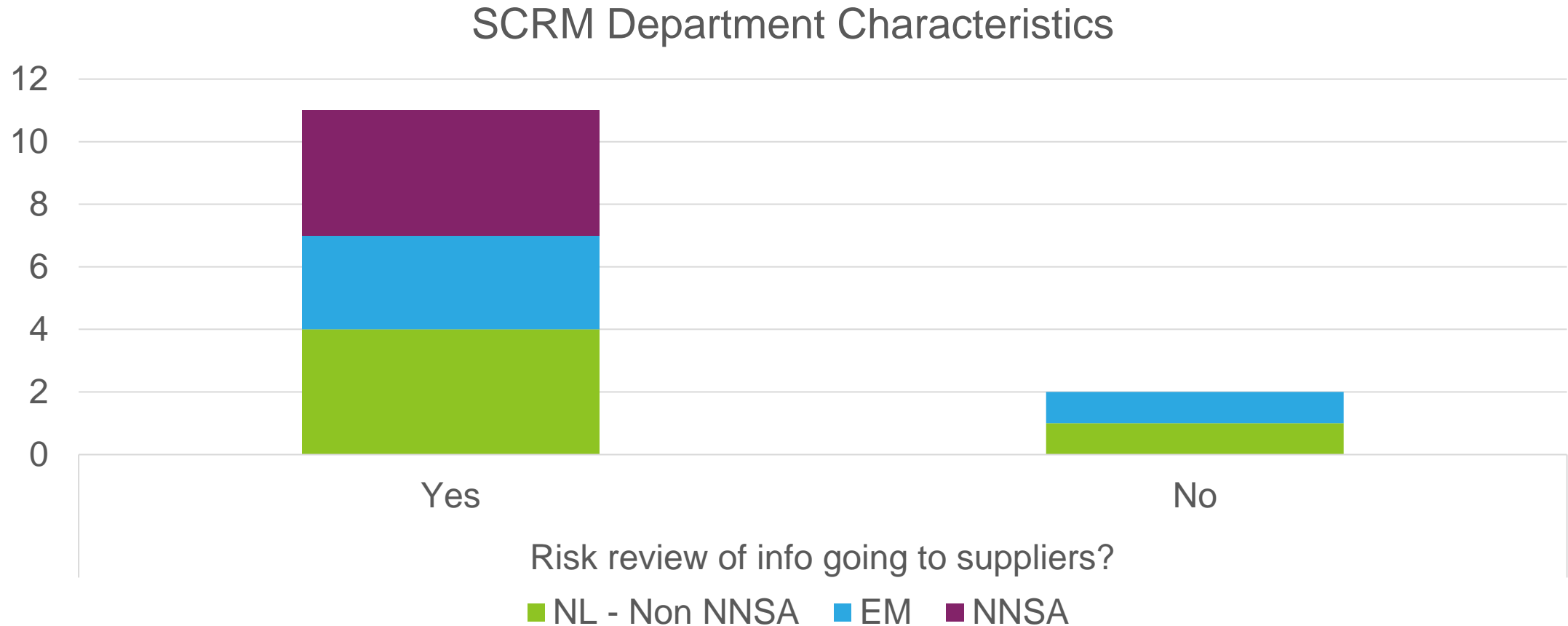
4.d) Is your program integrated with existing quality control processes?



4.d) Detail - SCRM Integration with QC Review Process?

- Yes (7 responded yes)
 - Supplier performance reports are used by SCRM in the bid process to determine necessary surveillance oversight for current/future procurements
 - Embedded in inspection programs
 - Supplier Risk Assessments performed on quality Level 1-2 suppliers
 - Qualified supplier list ensures adequate supplier base
- No (6 responded no)
 - Strong working relationship exists with Quality department to help manage performance
 - QA program is well established but plans are underway to integrate QA with SCRM

4.e) Do you perform a risk review of documents/info going to suppliers prior to sending out?

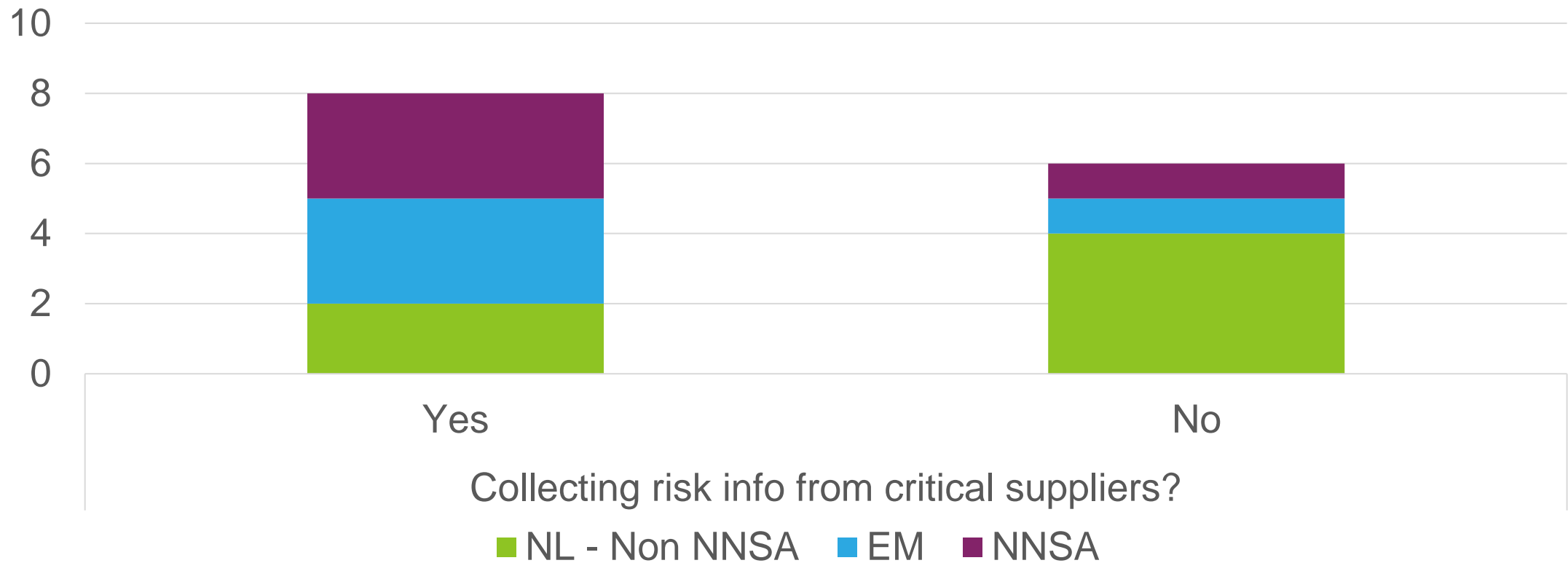


4.f) Controls implemented to prevent gratuitous info from being sent to suppliers.

- Internal Reviews
 - Semi- Annual and Annual audits
 - Compliance reviews
- Procurement Specialist and Technical Rep. Training
- Procurement reviews Statement of Work and entire requisition package to prevent sending unwanted info
- Export control department review
- Information Management Department is increasingly involved
- Disciplined document review process
- Documents reviewed by programmatic and supply chain management personnel
- Peer reviews

5) Are you periodically collecting risk information from your critical suppliers?

SCRM Department Characteristics

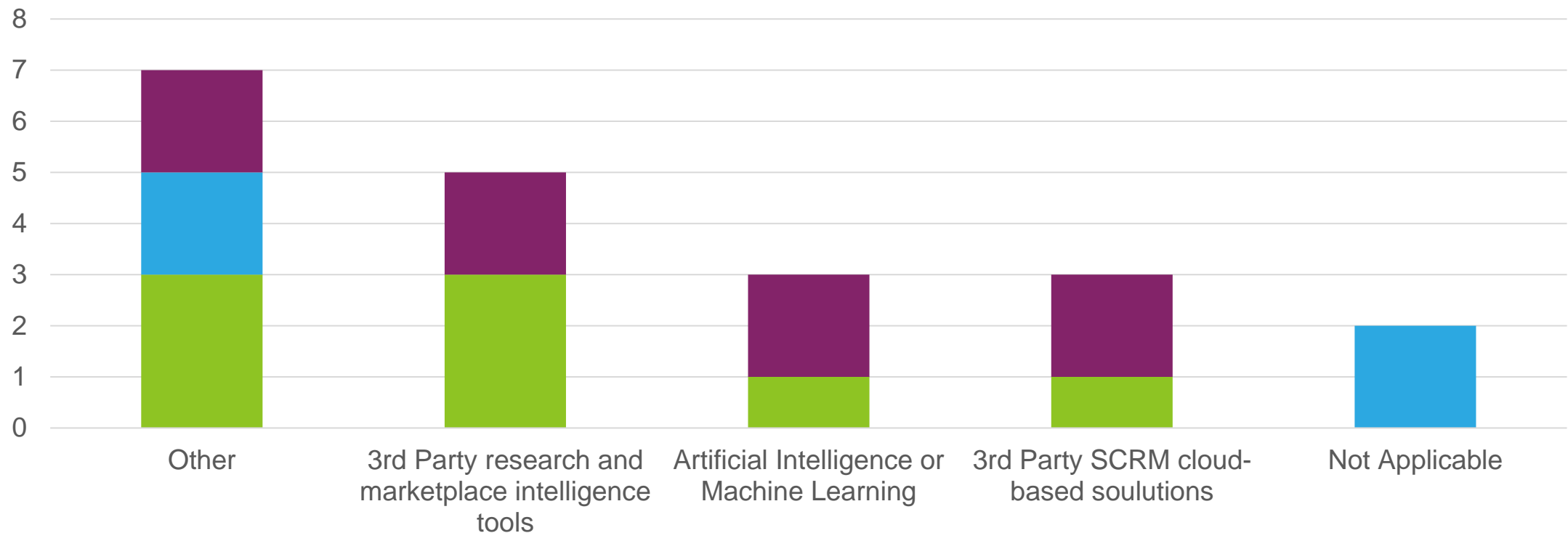


5) Detail - Actions Taken After Collecting Risk Info From Suppliers

- Run financial sanction process once a week
- Auto inactivation after 18-months of inactivity
- Implement Request for Supplier Corrective Action process or Supplier Corrective Action Report
- Interim and ongoing audits
- Removal from bidders' or 'do not solicit' list
- Suppliers placed on hold to require additional review prior to procurement
- Supplier Risk Assessments have expiration dates
- Follow Termination Articles in terms and conditions

6) What types of tools does your organization use to evaluate suppliers to assess risk?

Supplier Risk Assessment Tools



Other: PeopleSoft, SAM.gov, D&B, **Internal contract reviews**

■ NL - Non NNSA ■ EM ■ NNSA

6.a) What challenges has your site faced in implementing commercially available SCRM tools?

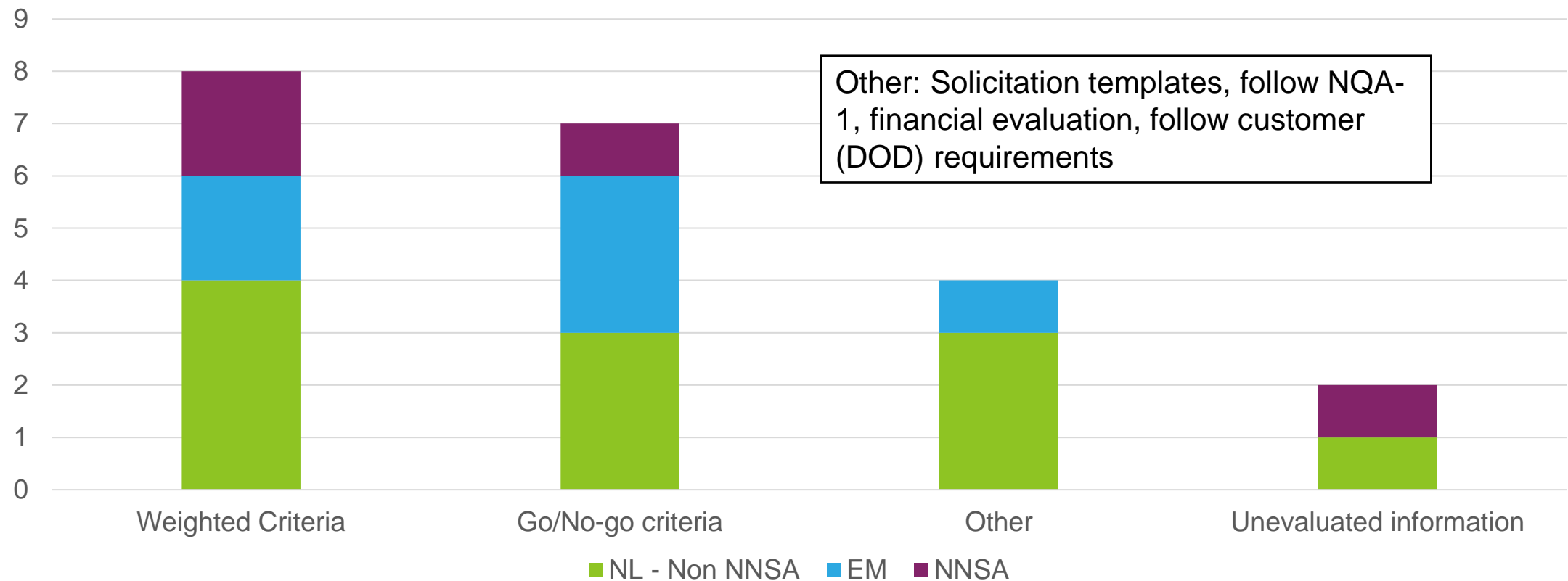
- Exiger is not FedRamp compliant
- FedRamp certification
- Funding
 - Unwillingness to invest in future outcomes. Not a priority
 - For small organizations cost/benefit has not been considered or evaluated as potentially beneficial
 - Deciding when and how to resource the use of AI to support human analysts is an important decision.
- Cross functional acceptance or visibility and defining who critical suppliers are
- Vetting and obtaining approval through IT and information security concerns

7) What corrective action techniques does your organization use for suppliers if adverse SCRM information is developed during execution?

- Corrective Action Plans
 - Plans need to outline necessary steps required for resolution along with the documentation requirements.
 - Plans are discussed with the supplier, approved, and monitored.
 - Currently corrective action plans are issued for supplier performance evaluations below 70, or for quality or safety related deficiencies. SCRM mitigation plans are envisioned for our future in which each stakeholder participates.
 - A plan for corrective action notification to suppliers communicating certain risk events related to SCRM information will need to be developed with guidance from our legal department
- For issues concerning contractual requirements,
 - issues are evaluated by the Buyer and General Counsel.
 - Follow termination articles in general provisions and terms and conditions.
 - Cure and Show Cause letters
- A scorecard system that can be shared with the supplier and internally.
- Stop-work orders
- Non-conformance reports

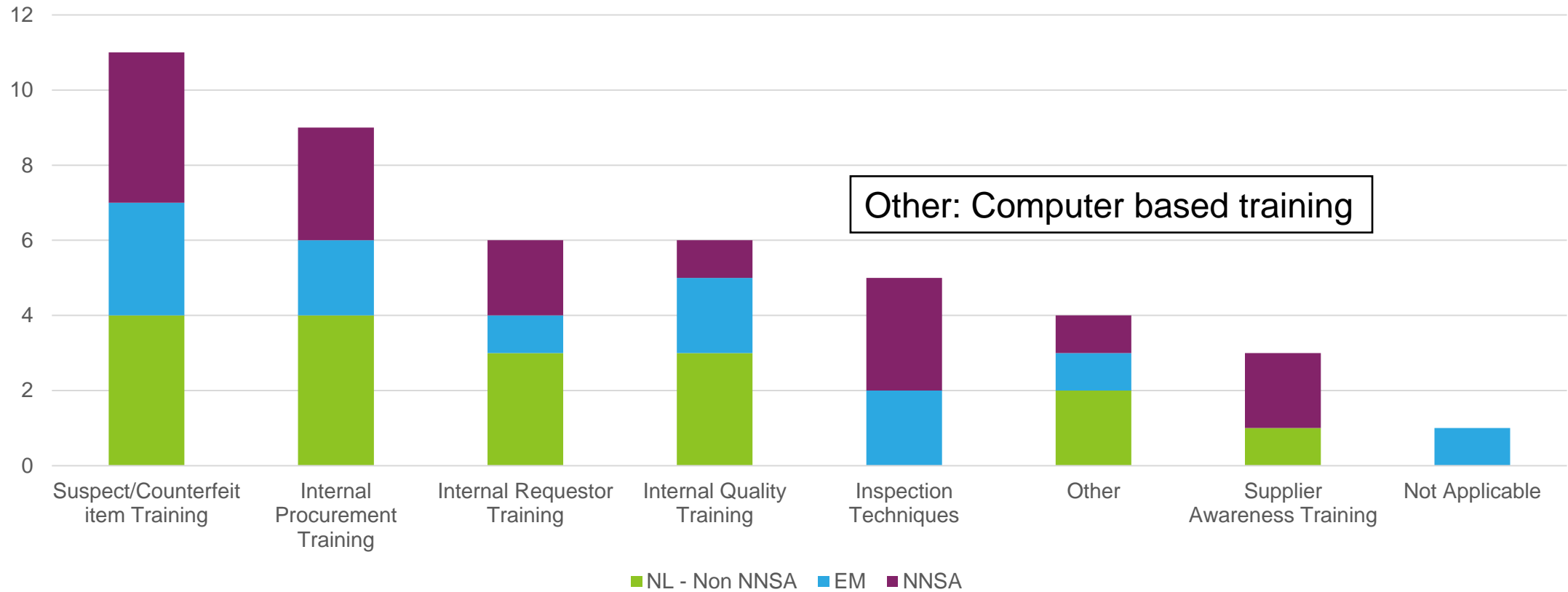
8) Do you analyze supplier exposure to risk in the evaluation process and how it is utilized?

Ways Used to Evaluate Supplier Exposure Risk



9) What type of training related to SCRM does your organization provide?

Types of Training Offered



10) What types of training would you find useful that could service multiple sites?

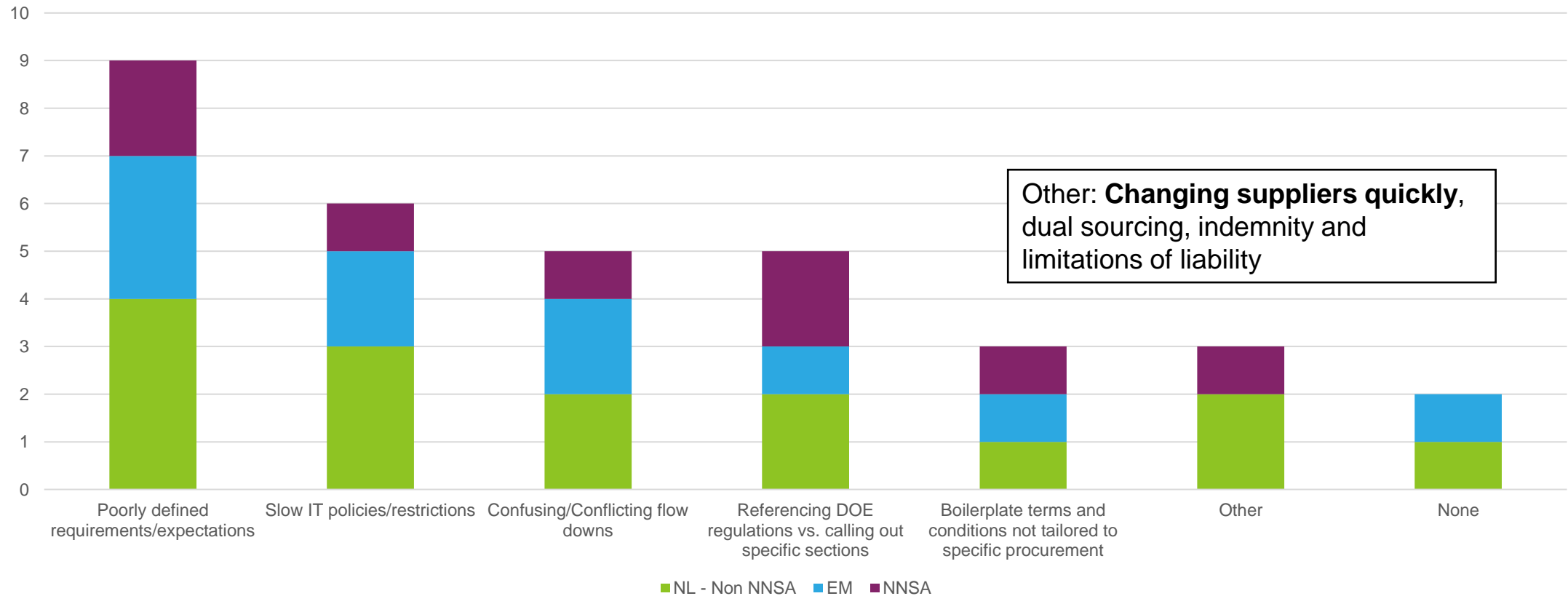
- Awareness training and clear definition of SCRM and all that applies
- General Buyer Training on QA Risk Management Process and Business Risk Management Training
- Case Studies and real-life lessons learned
- DOE sponsored SCRM software to be used across the complex
- **SCRM decision tree**
 - Stakeholder responsibility for identifying level of risk
 - Environmental, safety, export control info, PII, etc.
- Tools for SCRM analysis, proper techniques, potential threats, legal and regulatory statues.
- Do it through On-the-job training

10) Training Suggestions Cont...

- Counterfeit and Cyber training
- Gray market resellers and how to authenticate
- General SCRM, NEA and S/CI training
- SCRM processes to identify, assess, prioritize, and mitigate supply chain risks
- Supplier relationship management in M&O environment
- CSR and compliance, subcontractor supply chain visibility
- Implement training on an Overall Supplier Health Score as conducted by one NNSA site

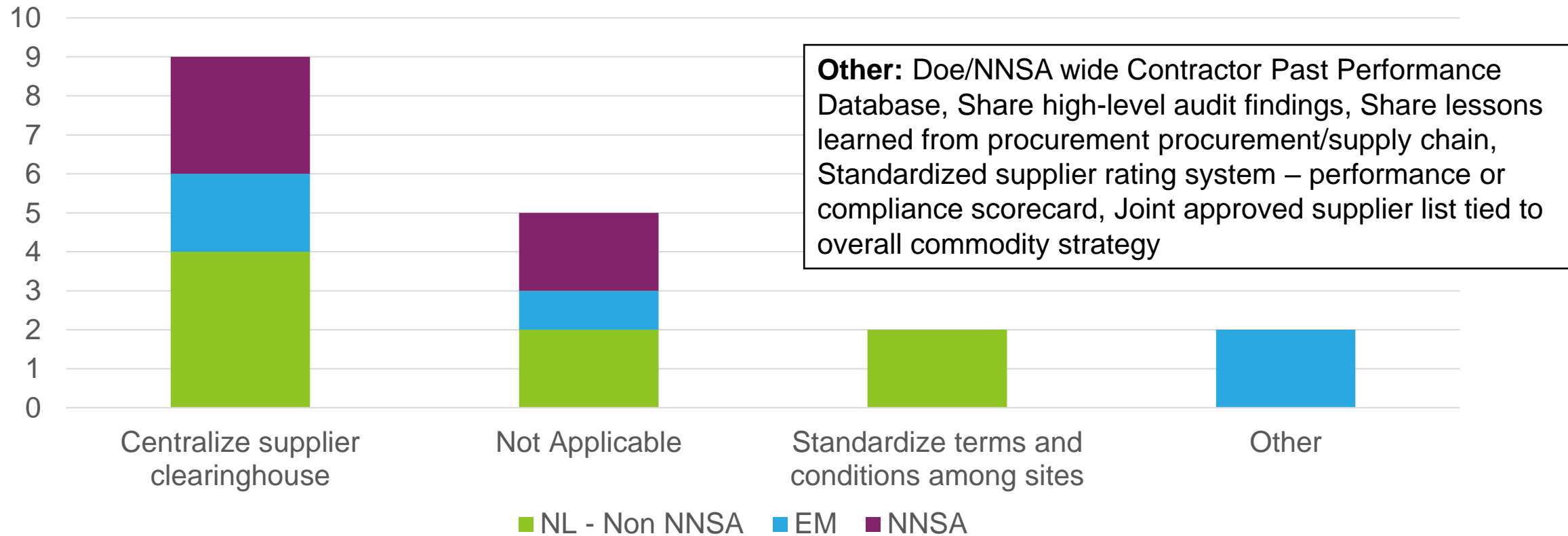
11) What do you consider your biggest challenge in decreasing Supply Chain Risk for our suppliers?

Biggest Challenges in Decreasing SCR for Suppliers



12) Which DOE/NNSA improvement project would benefit your organization/supply chain the most?

DOE/NNSA Improvement Project Recommendations



13) What is your organization's biggest need in relation to starting/improving your SCRM efforts?

- Training SCRM personnel at all levels on risk management programs
- **Available resources and funding**
- Centralized and unified SCRM flow down requirement
- **Regulatory clarity, centralization, and standardization**
- Realization that vendors don't need us as much as we need them
- Focusing on key risk elements
- Having someone to do the work
- Use of cloud-based bid data analysis tools without delay associated with FedRAMP requirement – implement solutions faster